

Servicing site	Reserve district served	Geographic area served
Federal Reserve Bank of Kansas City, 925 Grand Boulevard, Kansas City, MO 64106.	Dallas, San Francisco, Kansas City, St. Louis.	Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois (southern half), Indiana (southern half), Kansas, Kentucky (western half), Louisiana (northern half), Mississippi (northern half), Missouri, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Tennessee (western half), Texas, Utah, Washington, Wyoming, Guam.

§ 351.87 May Public Debt revise, supplement or amend the terms of this offering?

We may revise, supplement or amend the terms of this offering at any time.

APPENDIX TO PART 351—TAX CONSIDERATIONS

1. What are some general tax considerations?

General. Interest on savings bonds is subject to taxes imposed under the Internal Revenue Code of 1986, as amended. The bonds are exempt from taxation by any State or political subdivision of a State, except for estate or inheritance taxes. (See 31 U.S.C. 3124.)

2. What reporting methods are available for savings bonds?

(a) *Reporting methods.* You may use either of the following two methods for reporting the increase in the redemption value of the bond for Federal income tax purposes:

(1) *Cash basis method.* You may defer reporting the increase to the year of final maturity, redemption, or other disposition, whichever is earliest; or

(2) *Accrual basis method.* You may elect to report the increase each year, in which case the election applies to all Series EE bonds that you then own, those subsequently acquired, and to any other obligations purchased on a discount basis.

(b) *Changing methods.* If you use the cash basis method, you may change to the accrual basis method without obtaining permission from the Internal Revenue Service. However, once you elect to use the accrual basis method in paragraph (a)(2), you may change the method of reporting the increase only by following the specific procedures prescribed by the Internal Revenue Service for making a method change. For further information, you may contact the Internal Revenue Service director for your area, or the Internal Revenue Service, Washington, DC 20224.

3. What transactions have potential tax consequences?

The following types of transactions, among others, may have potential tax consequences:

(a) A reissue that affects the rights of any of the persons named on a definitive Series

EE savings bond may have tax consequences for the owner.

(b) The transfer of a book-entry Series EE savings bond from one owner to another may have tax consequences for the transferor.

(c) The redemption of a book-entry Series EE savings bond by the secondary owner may have tax consequences for the primary owner.

(d) The purchase of a Series EE savings bond as a gift may have gift tax consequences.

PART 352—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES HH

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AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

SOURCE: 54 FR 40249, Sept. 29, 1989, unless otherwise noted.

§ 352.0 Offering of bonds.

The Secretary of the Treasury offered to the people of the United States, United States Savings Bonds of Series HH in exchange for eligible United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares). This offering is being withdrawn and will terminate at the close of business on August 31, 2004.

[69 FR 40318, July 2, 2004]